



Developments in the Russian Forestry Industry

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1. In 2005, OAO Mondi Business Paper Syktyvkarsky LPK purchased five harvesters and nine forwarders for four million euro. The forestry machinery was bought under four-year leasing terms. The company is part of the Mondi Group, one of the largest European manufacturers of paper. According to the company, in the near future, they are planning to announce a new tender for the supply of forestry machinery for a winter season of 2005-2006. Currently, the company has 25 harvesters and forwarders, including ten Timberjacks, which were bought in 2004. Annually, Syktyvkarsky LPK processes three million cubic meters of wood, of which 57% is supplied by its own harvesting companies. As expected, in 2005, the company will be able to harvest only 15% of its timber through the use of modern forestry machinery. Their long-term program includes the purchase of 60 sets of forestry machinery.

Source: www.drevesina.com

2. Finnish Metso is planning to upgrade the equipment in the Balakhninsky Pulp and Paper Mill. Balakhninsky P&P Mill is one of the largest Russian manufacturers and exporters of newsprint. The cost of the contract signed with Metso is Euro12 million. In total, in 2005, the company will invest Euro 17 million in the upgrading of its production facilities. Previously, the company and Sberbank (Savings Bank of Russia) signed an agreement to provide Balakhninsky P&P Mill with a \$300 million credit through Volgo-Vyatsk Bank of Sberbank.

Source: www.drevesina.com

3. The official opening of the Kronospan production facility took place in Egor'evsk, Moscow region. The new mill has become the largest manufacturer of medium density fiberboard (MDF) in Russia. The cost of the project was Euro180 million. The production capacity of the mill is 12 million square meters of flooring and 200,000 meters of MDF. The company is also going to put into operation an additional MDF production line and facilities for the production of resins in the near future. The next stage of the development plan includes the production and finishing of particle board. As expected, the total investment into the Kronospan facilities in Russia will exceed Euro 300 million.

Source: www.wood.ru

4. In April 2005, the Chinese Luen Fat Group will start the construction of a woodworking mill in Birilyusky region of Krasnoyarsky Krai. The cost of the project is expected to be \$70 million. As expected, the saw milling facilities will be put into operation in 2005, while the facilities for the production of particle board will be put into operation in 2007. The mill will process low quality birch and aspen. The administration of Krasnoyarsky Krai expects that, in accordance with their plan for development of forestry industry, \$3 billion will be invested into the development of the region by 2015.

Source: www.drevesina.com

5. Kodinsky woodworking mill (Krasnoyarsk) is looking for partners to develop the production of doors with an annual production capacity of 240,000 doors, and of MDF with an annual production capacity of 100,000 cubic meters of board. In 2004, the mill produced 30,000 cubic meters of sawn wood. As expected, the mill will increase its annual production up to 120,000 cubic meters in the near future. The required investment for MDF production is Euro40-50 million, for the production of doors -\$10 million. The project is supported by the regional administration and will be presented to potential Chinese investors during an upcoming visit to China.

Source: www.wood.ru

6. International Paper is planning to invest about \$250 million into the development and upgrading of its production facilities in Svetogorsk. The most significant part of the investment project is the construction of new pulp production facilities. According to the company, International Paper's project is the largest investment project in the Russian pulp and paper industry for the last 15 years. In addition, the new high voltage overhead power transmission line for the supply of the new pulp production facilities will be put into operation by the end of 2006. The new power line will increase the mill's total power consumption ability by 1.5 times.

Source: www.wood.ru

7. According to official Customs statistics, in 2004, Russia exported 41.4 million cubic meters of round timber. This is 27 percent of the total volume of timber cut in Russia, according to data of the Russian Ministry for Industry Development, and 40 percent, according to data of the Federal State Statistics. Both data shows that Russia continues to export significant volumes of raw timber. Taking into consideration that Russia exports mostly high quality wood, in reality, the share of raw exports is significantly higher. The average export price for raw timber in 2004 was \$56.4 for one cubic meter. In 2004, Russia also exported 7.6 million cubic meters of lumber, 1.43 million cubic meters of glued plywood, 1.83 million tons of pulp, and 1.26 million tons of newsprint. The official data on other products is not available.

Source: www.wood.ru

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